Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2010

For calendar year 2010, or tax year beginning , 2010, and ending , 20

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

Name of foundation ISLAND INSURANCE FOUNDATION	**A Employer identification number** 71-0894475
Number and street (or P O box number if mail is not delivered to street address) 1022 BETHEL STREET — Room/suite	**B** Telephone number (see page 10 of the instructions) 808-564-8309
City or town, state, and ZIP code HONOLULU, HI 96813	**C** If exemption application is pending, check here ▶ ☐ **D** 1. Foreign organizations, check here ▶ ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐
H Check type of organization: ☑ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation	**E** If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐
I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶ $ 11,129,074 **J** Accounting method: ☐ Cash ☑ Accrual ☐ Other (specify) ________ *(Part I, column (d) must be on cash basis)*	**F** If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions).)*

			(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc., received (attach schedule)				
	2	Check ▶ ☐ if the foundation is **not** required to attach Sch. B				
	3	Interest on savings and temporary cash investments				
	4	Dividends and interest from securities	219576	219576	219576	
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	556136			
	b	Gross sales price for all assets on line 6a				
	7	Capital gain net income (from Part IV, line 2)		556136		
	8	Net short-term capital gain			0	
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less: Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)				
	12	**Total.** Add lines 1 through 11	775712	775712	219576	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc.				
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule)				
	c	Other professional fees (attach schedule) STMT 1	62565	62565	62565	62565
	17	Interest				
	18	Taxes (attach schedule) (see page 14 of the instructions)	518	518	518	518
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule) STMT 1	3160	3160	3160	3160
	24	**Total operating and administrative expenses.** Add lines 13 through 23	66243	66243	66243	66243
	25	Contributions, gifts, grants paid	465788			465788
	26	**Total expenses and disbursements.** Add lines 24 and 25	532031	65725	65725	532031
	27	Subtract line 26 from line 12:				
	a	**Excess of revenue over expenses and disbursements**	243681			
	b	**Net investment income** (if negative, enter -0-)		709987		
	c	**Adjusted net income** (if negative, enter -0-)			153851	

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Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)

		Description	Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1	Cash—non-interest-bearing	462795	0	0
	2	Savings and temporary cash investments			
	3	Accounts receivable ▶			
		Less: allowance for doubtful accounts ▶			
	4	Pledges receivable ▶			
		Less: allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7	Other notes and loans receivable (attach schedule) ▶			
		Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments—U.S. and state government obligations (attach schedule)			
	b	Investments—corporate stock (attach schedule) STMT 1	8093343	8993066	8993066
	c	Investments—corporate bonds (attach schedule) STMT 1	1295212	0	0
	11	Investments—land, buildings, and equipment: basis ▶			
		Less: accumulated depreciation (attach schedule) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule) STMT 1	634568	2119478	2119478
	14	Land, buildings, and equipment. basis ▶			
		Less: accumulated depreciation (attach schedule) ▶			
	15	Other assets (describe ▶ ACCREUD INVESTMENT INCOME)	5209	15530	15530
	16	**Total assets** (to be completed by all filers—see the instructions. Also, see page 1, item I)	10491127	11128074	11128074
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶)			
	23	**Total liabilities** (add lines 17 through 22)	0	0	
Net Assets or Fund Balances		**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	10491127	11128074	
	30	**Total net assets or fund balances** (see page 17 of the instructions)	10491127	11128074	
	31	**Total liabilities and net assets/fund balances** (see page 17 of the instructions)	10491127	11128074	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	10491127
2	Enter amount from Part I, line 27a	2	243681
3	Other increases not included in line 2 (itemize) ▶ CHANGE IN UNREALIZED GAINS (LOSSES)	3	393266
4	Add lines 1, 2, and 3	4	11128074
5	Decreases not included in line 2 (itemize) ▶	5	0
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	11128074

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1a				
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				
b				
c				
d				
e				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	556136
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8	3	0

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☑ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2009	642382	9645531	.066599
2008	624004	12951435	048180
2007	546020	13922675	.039218
2006	342798	10107945	033914
2005	173041	5120907	033791

2	**Total** of line 1, column (d)	2	221702
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0443404
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	10386830
5	Multiply line 4 by line 3	5	460556
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	7100
7	Add lines 5 and 6	7	467656
8	Enter qualifying distributions from Part XII, line 4	8	532031

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ________ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☑ and enter 1% of Part I, line 27b	1	7100	00
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0	00
3	Add lines 1 and 2	3	7100	00
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0	00
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5	7100	00
6	Credits/Payments:			
a	2010 estimated tax payments and 2009 overpayment credited to 2010 — 6a: 3491 00			
b	Exempt foreign organizations—tax withheld at source — 6b			
c	Tax paid with application for extension of time to file (Form 8868) — 6c			
d	Backup withholding erroneously withheld — 6d			
7	Total credits and payments. Add lines 6a through 6d	7	3491	00
8	Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached	8		
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	3609	00
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10		
11	Enter the amount of line 10 to be: **Credited to 2011 estimated tax** ▶ ______ **Refunded** ▶	11		

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		✓
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		✓
	If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.			
c	Did the foundation file **Form 1120-POL** for this year?	1c		✓
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation. ▶ $ 0 **(2)** On foundation managers. ▶ $ 0			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		✓
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		✓
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		✓
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		✓
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	✓	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV*	7	✓	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ HAWAII			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	✓	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? *If "Yes," complete Part XIV*	9	✓	
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		✓

Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions)	11		✓
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ N/A	13	✓	

14 The books are in care of ▶ ISLAND INSURANCE FOUNDATION Telephone no. ▶ 808-564-8309
Located at ▶ 1022 BETHEL STREET, HONOLULU, HI ZIP+4 ▶ 96813

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A

			Yes	No
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		✓
	See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶ N/A			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

			Yes	No
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☑ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☑ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☑ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☑ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☑ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☑ No			
b	If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)?	1b	N/A	
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?	1c		✓
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):			
a	At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? ☐ Yes ☑ No If "Yes," list the years ▶ 20___, 20___, 20___, 20___			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see page 22 of the instructions.)	2b		✓
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ 20___, 20___, 20___, 20___			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☑ No			
b	If "Yes," did it have excess business holdings in 2010 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.)*	3b	N/A	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		✓
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b		✓

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☑ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☑ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☑ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) ☐ Yes ☑ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☑ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? 5b N/A

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945-5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☑ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 6b ✓

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☑ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? 7b N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
STATEMENT 1				

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances

Total number of other employees paid over $50,000 ▶ NONE

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation

Total number of others receiving over $50,000 for professional services ▶ NONE

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 FOUNDTION PURSUES CHARITABLE DONATIONS OF IRC 501(c)(3) ORGANIZATIONS.	NONE
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments See page 24 of the instructions 3	
Total. Add lines 1 through 3 ▶	NONE

Part X **Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities STMT 2	1a	10545005
b	Average of monthly cash balances	1b	0
c	Fair market value of all other assets (see page 25 of the instructions)	1c	0
d	**Total** (add lines 1a, b, and c)	1d	10545005
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0		
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	10545005
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	158175
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	10386830
6	**Minimum investment return.** Enter 5% of line 5	6	519342

Part XI **Distributable Amount** (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	519342
2a	Tax on investment income for 2010 from Part VI, line 5 — 2a: 7100		
b	Income tax for 2010. (This does not include the tax from Part VI.) — 2b: 0		
c	Add lines 2a and 2b	2c	7100
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	512242
4	Recoveries of amounts treated as qualifying distributions	4	0
5	Add lines 3 and 4	5	512242
6	Deduction from distributable amount (see page 25 of the instructions)	6	0
7	**Distributable amount** as adjusted. Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	512242

Part XII **Qualifying Distributions** (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	532031
b	Program-related investments—total from Part IX-B	1b	0
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	0
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	0
b	Cash distribution test (attach the required schedule)	3b	0
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	532031
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	7100
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	539131

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII **Undistributed Income** (see page 26 of the instructions)

		(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1	Distributable amount for 2010 from Part XI, line 7				512242
2	Undistributed income, if any, as of the end of 2010:				
a	Enter amount for 2009 only			426890	
b	Total for prior years: 20___,20____,20____		0		
3	Excess distributions carryover, if any, to 2010:				
a	From 2005				
b	From 2006				
c	From 2007				
d	From 2008				
e	From 2009				
f	**Total** of lines 3a through e	0			
4	Qualifying distributions for 2010 from Part XII, line 4. ▶ $ 532031				
a	Applied to 2009, but not more than line 2a			426890	
b	Applied to undistributed income of prior years (Election required—see page 26 of the instructions)		0		
c	Treated as distributions out of corpus (Election required—see page 26 of the instructions)	0			
d	Applied to 2010 distributable amount				112241
e	Remaining amount distributed out of corpus	0			
5	Excess distributions carryover applied to 2010 *(If an amount appears in column (d), the same amount must be shown in column (a).)*	0			0
6	**Enter the net total of each column as indicated below:**				
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	0			
b	Prior years' undistributed income. Subtract line 4b from line 2b		0		
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0		
d	Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions		0		
e	Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions			0	
f	Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				400001
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)	0			
8	Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions)	0			
9	**Excess distributions carryover to 2011.** Subtract lines 7 and 8 from line 6a	0			
10	Analysis of line 9:				
a	Excess from 2006 0				
b	Excess from 2007 . . . 0				
c	Excess from 2008 0				
d	Excess from 2009 . . . 0				
e	Excess from 2010 . . . 0				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, enter the date of the ruling . . . . . . ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	153851	150868	298449	659895	1263063
b 85% of line 2a	130773	128238	253682	560911	1073604
c Qualifying distributions from Part XII, line 4 for each year listed	532031	643891	624004	562440	2362366
d Amounts included in line 2c not used directly for active conduct of exempt activities	0	0	0	0	0
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	532031	643891	624004	562440	2362366
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)	0	0	0	1006340	10006340
(3) Largest amount of support from an exempt organization	0	0	0	0	0
(4) Gross investment income	775712	206479	351701	1689506	3023398

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year—see page 28 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

N/A

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

N/A

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ▶ ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed:

ISLAND INSURANCE FOUNDATION, FRANKLIN M. TOKIOKA, 1022 BETHEL STREET, HONOLULU, HI 96813

b The form in which applications should be submitted and information and materials they should include:

LETTER TO FOUNDATION STATING REQUEST AND PURPOSE OF ORGANIZATION SHOULD BE SUBMITTED

c Any submission deadlines:

OPEN YEAR-ROUND

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

N/A

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
STATEMENT 3				
Total ▶ 3a				465788
b *Approved for future payment*				
JAPANESE CULTURAL CENTER OF HAWAII			RESOURCE CENTER	25000
MOTHERS AGAINST DRUNK DRIVING			CAPITAL CAMPAIGN	2500
HOSPICE OF HILO			CAPITAL CAMPAIGN	15000
Total ▶ 3b				42500

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See page 28 of the instructions.)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14		219576
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18		556136
9 Net income or (loss) from special events . . .					
10 Gross profit or (loss) from sales of inventory . .					
11 Other revenue. a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		NONE		NONE	775712

13 **Total.** Add line 12, columns (b), (d), and (e) 13 775712

(See worksheet in line 13 instructions on page 29 to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See page 29 of the instructions)
4 & 8	INCOME EARNED ON FUNDS AVAILABLE FOR CHARITABLE DONATIONS RELATED TO THE FOUNDATION'S
	EXEMPT PURPOSE.

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		✓
	(2) Other assets	1a(2)		✓
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		✓
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		✓
	(3) Rental of facilities, equipment, or other assets	1b(3)		✓
	(4) Reimbursement arrangements	1b(4)	✓	
	(5) Loans or loan guarantees	1b(5)		✓
	(6) Performance of services or membership or fundraising solicitations	1b(6)		✓
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		✓

d If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
1(b)(4)	0	ISLAND INSURANCE CO., LTD.	AGREEMENT TO REIMBURSE ISLAND INSURANCE
			CO., LTD FOR CHARITABLE DONATIONS
			MADE ON BEHALF OF THE FOUNDATION. IN 2010
			ALL DONATIONS MADE DIRECTLY FROM THE
			FOUNDATION

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☑ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

Signature of officer or trustee | Date: 2/11/2011 | Title: Chairman

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

Island Insurance Foundation
Statement 1

Form 990-PF, Part I, Line 16c	
Investment Manager Fees	62,565

Form 990-PF, Part I, Line 23·	
Dues, Assessments & Fees	5
Airfare & Ground Transportation	1,825
Hotel & Lodging	1,330
	3,160

Form 990-PF, Part II, Line 10b			
Stifel Nicolaus	8,093,343	8,993,066	8,993,066
Form 990-PF, Part II, Line 10c:			
Stifel Nicolaus	1,295,212	0	0
Form 990-PF, Part II, Line 13:			
Stifel Nicolaus	634,568	2,119,478	2,119,478
Form 990-PF, Part II, Line 15			
Dividends Due - Common Stock	5,209	15,530	15,530
	5,209	15,530	15,530

Island Insurance Foundation
Capital Gains and Losses, Part IV

	Proceeds	Cost	Gain/(Loss)
Stifel Nicolaus			-
Total Short Term Gain			0
Stifel Nicolaus			556,136
Capital Gain Distributions			0
Total Long Term Gain			556,136
Total Capital Gains and Losses			556,136

Form 990-PF, Part VIII, Line 1

(a) Name & Address	(b) Title	(c) Comp	(d) Contr to Bene Plans	(e) Expense Acct
Franklin M. Tokioka, c/o 1132 Bishop Street, S Honolulu, HI 96813	Chairman/ Director	0	0	0
Colbert M Matsumoto, c/o 1022 Bethel St, Honolulu, HI 96813	President/ Director	0	0	0
John F Schapperle, c/o 1022 Bethel Street Honolulu, HI 96813	Director	0	0	0
Lionel Y. Tokioka, c/o 1022 Bethel St., Honolulu, HI 96813	Director	0	0	0
Tyler M Tokioka, c/o 1022 Bethel St, Honolulu, HI 96813	Vice Pres, Sec, Director	0	0	0
Nolan N Kawano	Treasurer	0	0	0

Island Insurance Foundation
Form 990PF
December 31, 2010
Statement 2

Part X, page , Minimum Investment Return

Average FMV of Investments:	
January	10,135,780
February	10,397,747
March	10,855,769
April	11,028,524
May	10,294,959
June	9,876,920
July	10,284,144
August	10,011,960
September	10,627,728
October	10,905,184
November	10,924,420
December	11,196,924
	126,540,060
Divide by 12	12
Average FMV of Investments	10,545,005

Island Insurance Foundation
Part XV, Line 3

Statement 3 Recipient Name	Relationship to Manager or Substantial Contributor	Foundation Status of Recipient	Purpose of Grant or Contribution	Amount
Aha Punana leo	n/a	501(c)(3)	Donation	1,900
Aloha Council Boy Scouts	n/a	501(c)(3)	Donation	50,350
Aloha United Way	n/a	501(c)(3)	Donation	6,000
American Cancer Society	n/a	501(c)(3)	Donation	250
American Heart Assocation	n/a	501(c)(3)	Donation	1,850
American Red Cross	n/a	501(c)(3)	Donation	30,000
Bishop Museum	n/a	501(c)(3)	Donation	2,500
Boys and Girls Club of Hawaii	n/a	501(c)(3)	Donation	3,900
CARES Foundation	n/a	501(c)(3)	Donation	725
Castle Alumni Association	n/a	501(c)(3)	Donation	1,878
Catholic Charities Hawaii	n/a	501(c)(3)	Donation	20,025
Child & Family Services	n/a	501(c)(3)	Donation	4,350
C&C of Honolulu, Department of Community Services	n/a	501(c)(3)	Donation	1,000
Daihonzan Chozen-Ji	n/a	501(c)(3)	Donation	3,064
Enterprise Honolulu	n/a	501(c)(3)	Donation	25,000
Family Programs Hawaii	n/a	501(c)(3)	Donation	3,500
Filipino Community Center	n/a	501(c)(3)	Donation	2,750
Friends of Honolulu City Lights	n/a	501(c)(3)	Honolulu City Lights Program	250
Girl Scout Council of Hawaii	n/a	501(c)(3)	Donation	4,500
Hawaii Baptist Academy	n/a	501(c)(3)	Donation	50
Hawaii Community Tel	n/a	501(c)(3)	Donation	10,000
Hawaii Council on Economic Education	n/a	501(c)(3)	Donation	12,000
Hawaii Foodbank	n/a	501(c)(3)	Donation	25
Hawaii Institute for Public Affairs	n/a	501(c)(3)	Donation	4,450
Hawaii Meals on Wheels	n/a	501(c)(3)	Donation	1,910
Hawaii Pacific University	n/a	501(c)(3)	Donation	3,500
Hawaii Public Radio	n/a	501(c)(3)	Donation	15,000
Hawaii Theatre Center	n/a	501(c)(3)	Donation	4,750
Hawaii Women's Legal	n/a	501(c)(3)	Donation	4,300
Hawaii Youth Symphony	n/a	501(c)(3)	Donation	2,500
Helping Hands Hawaii	n/a	501(c)(3)	Donation	2,500
Historic Hawaii Foundation	n/a	501(c)(3)	Donation	1,000
Holy Nativity School	n/a	501(c)(3)	Donation	2,500
Honolulu Zoo Society	n/a	501(c)(3)	Donation	1,600
Honpa Hongwanji Mission of Hawaii	n/a	501(c)(3)	Donation	100
Hospice Hawaii	n/a	501(c)(3)	Donation	11,700
HUGS	n/a	501(c)(3)	Donation	2,880
Institute of Human Services	n/a	501(c)(3)	Donation	1,295
Iron Workers Scholarship Golf Tournament	n/a	501(c)(3)	Donation	500
Japanese American National Museum	n/a	501(c)(3)	Donation	9,050
Japanese Cultural Center of Hawaii	n/a	501(c)(3)	Donation	29,764
Jikoen Hongwanji Mission	n/a	501(c)(3)	Donation	1,000
KAMP Hawaii (Kids At-Risk Mentoring Program)	n/a	501(c)(3)	Donation	15,000
Koolau Warrior Baseball Club	n/a	501(c)(3)	Donation	1,000
Kualoa-Heeia Ecumenical Youth Project (KEY Project)	n/a	501(c)(3)	Donation	1,000
Lanai Cultural & Heritage Center	n/a	501(c)(3)	Donation	5,000
Lanakila Rehabilitation Center	n/a	501(c)(3)	Donation	7,600
Legal Aid Society of Hawaii	n/a	501(c)(3)	Donation	2,900
Lunalilo Home	n/a	501(c)(3)	Donation	1,000
Maryknoll School Development and Alumni Office	n/a	501(c)(3)	Donation	750
Mothers Against Drunk Driving	n/a	501(c)(3)	Donation	2,500
Nature Convervancy of Hawaii	n/a	501(c)(3)	Donation	1,500
Nihon Bunka Foundation	n/a	501(c)(3)	Donation	250
Nuuanu YMCA	n/a	501(c)(3)	Donation	30
Ohia Productions	n/a	501(c)(3)	Donation	5,000
OIA Athletic Foundation	n/a	501(c)(3)	Donation	1,800
Pacific American Foundation	n/a	501(c)(3)	Donation	2,000
Pacific Buddhist Academy	n/a	501(c)(3)	Donation	2,000
Pacific Region Baseball, Inc	n/a	501(c)(3)	Donation	1,000
Palolo Chinese Home	n/a	501(c)(3)	Donation	5,500
PATCH	n/a	501(c)(3)	Donation	2,675
Public Schools of Hawaii Foundation	n/a	501(c)(3)	Donation	54,455
Rehab Foundation	n/a	501(c)(3)	Donation	5,000
River of Life Mission	n/a	501(c)(3)	Donation	100
Ronald McDonald House Charities of Hawaii	n/a	501(c)(3)	Donation	1,750
Roosevelt High School	n/a	501(c)(3)	Donation	500
Salvaltion Army	n/a	501(c)(3)	Donation	1,250
Special Olympics Hawaii	n/a	501(c)(3)	Donation	100
Tax Foundation	n/a	501(c)(3)	Donation	1,250
Teach for America Inc.	n/a	501(c)(3)	Donation	10,000
Trust for Public Land	n/a	501(c)(3)	Donation	250
University of Hawaii	n/a	501(c)(3)	Donation	75
University of Hawaii Foundation	n/a	501(c)(3)	Donation	11,200
United States Japan Council	n/a	501(c)(3)	Donation	26,250
Waipahu High School	n/a	501(c)(3)	Donation	500
Washington Place Foundation	n/a	501(c)(3)	Donation	500
YMCA of Honolulu	n/a	501(c)(3)	Donation	5,000
YWCA of Oahu	n/a	501(c)(3)	Donation	2,937
				465,788